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**南海控股有限公司\***  
NAN HAI CORPORATION LIMITED  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 680)**



**SINO-i TECHNOLOGY LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 250)**

## **JOINT ANNOUNCEMENT**

### **DISCLOSEABLE TRANSACTION FOR NAN HAI CORPORATION LIMITED AND MAJOR AND CONNECTED TRANSACTION FOR SINO-I TECHNOLOGY LIMITED**

#### **THE AGREEMENT**

On 22 December 2020 (after trading hours), the Purchaser and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase (or procure the purchase) and the Vendor has conditionally agreed to sell (or procure the sale) to the Purchaser the Sale Equity Interest, representing the entire issued capital of the Target, for the Consideration of RMB488 million, which is to be satisfied in cash and up to HK\$200 million of the Consideration will be set-off against the Loan, at the discretion of Sino-i. The entire amount owed by the Target Group to the Nan Hai Group (excluding the Target Group and Sino-i Group) as at Completion will be applied to set off against the Loan. As at 30 November 2020, the amount owed by the Target Group to the Nan Hai Group (excluding the Target Group and Sino-i Group) is approximately HK\$193 million. The Purchaser and the Vendor have agreed that the above mentioned amount will not exceed approximately HK\$229 million up to the date of Completion.

#### **LISTING RULES IMPLICATIONS**

For Sino-i, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Sale and Purchase exceed 25% but are less than 100%, the Sale and Purchase constitutes a major transaction of Sino-i under Chapter 14 of the Listing Rules. In addition, as the Vendor is the holding company of Sino-i, the Agreement constitutes a connected transaction of Sino-i under Chapter 14A of the Listing Rules. Therefore, the Agreement is subject to the Independent Shareholders' approval at the general meeting of Sino-i.

\* For identification purpose only

For Nan Hai, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Sale and Purchase exceed 5% but are less than 25%, the Sale and Purchase constitutes a discloseable transaction of Nan Hai under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

Nan Hai and its associates shall abstain from voting on the ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder at the general meeting of Sino-i.

As Mr. Xiao Sui Ning and Mr. Ho Yeung Nang, both being independent non-executive directors of Nan Hai and Sino-i, they are not considered sufficiently independent to give advice or recommendation to the Independent Shareholders in relation to the Agreement, therefore Mr. Fung Wing Lap, the remaining independent non-executive director of Sino-i, has been appointed to form the Independent Board Committee to make recommendation to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder, and an independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

The circular containing the information required under the Listing Rules in relation to the Sale and Purchase will be despatched to the Shareholders as soon as possible, which is expected to be on or before 26 February 2021, in order to allow sufficient time for the preparation of the financial and other information in the circular.

**As the Sale and Purchase is subject to the fulfillment of various conditions precedent which may or may not be fulfilled, there is no assurance that the Sale and Purchase will be completed. Shareholders and potential investors should exercise caution when dealing in the securities of Sino-i and Nan Hai.**

On 22 December 2020 (after trading hours), the Purchaser and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase (or procure the purchase) and the Vendor has conditionally agreed to sell (or procure the sale) to the Purchaser the Sale Equity Interest, representing the entire issued capital of the Target, for the Consideration of RMB488 million, which is to be satisfied in cash and up to HK\$200 million of the Consideration will be set-off against the Loan, at the discretion of Sino-i. The entire amount owed by the Target Group to the Nan Hai Group (excluding the Target Group and Sino-i Group) as at Completion will be applied to set off against the Loan. As at 30 November 2020, the amount owed by the Target Group to the Nan Hai Group (excluding the Target Group and Sino-i Group) is approximately HK\$193 million. The Purchaser and the Vendor have agreed that the above mentioned amount will not exceed approximately HK\$229 million up to the date of Completion. Details of the Agreement are set out below:

## **THE AGREEMENT**

### **Date**

22 December 2020

### **Parties**

- (1) Sino-i Technology Limited, a company incorporated in Hong Kong with limited liability; and
- (2) Nan Hai Corporation Limited, a company incorporated in Bermuda with limited liability.

### **Assets to be disposed of**

The Sale Equity Interest represents 100% equity interest in the Target Company. Details of the Target Group are set out in the section headed “Information on the Target Group” below.

### **Consideration and payment terms**

#### *Consideration*

The Consideration is RMB488 million, which was determined after arm’s length negotiations between the Vendor and the Purchaser with references to the reasons and benefits of the Sale and Purchase as set out in the section headed “Reasons for and Benefits of the Sale and Purchase” in this announcement and the appraised value of the Sale Equity Interest by an independent valuer of approximately RMB488 million as at 30 November 2020. The valuer has performed an independent valuation using the market approach.

#### *Payment terms*

The Purchaser shall pay or procure the payment of 20% of the above Consideration (i.e. RMB97.6 million) as deposit (“Deposit”) to the Vendor (or such entity that it may so designate) within ten business days from the date of signing of the Agreement.

The balance will be satisfied in cash and up to HK\$200 million of the Consideration will be set-off against the Loan, at the discretion of Sino-i at Completion. The entire amount owed by the Target Group to the Nan Hai Group (excluding the Target Group and Sino-i Group) as at Completion will be applied to set off against the Loan. As at 30 November 2020, the amount owed by the Target Group to the Nan Hai Group (excluding the Target Group and Sino-i Group) is approximately HK\$193 million. The Purchaser and the Vendor have agreed that the above mentioned amount will not exceed approximately HK\$229 million up to the date of Completion.

In the event that the Sale and Purchase is not completed in accordance with the terms of the Agreement, the Deposit shall be refunded to Sino-i within five business days from the termination of the Agreement without interest.

The cash Consideration will be funded by the internal resources of Sino-i.

### **Conditions precedent**

Completion is conditional upon the satisfaction of the following conditions:

- (i) all warranties remaining true and accurate as at Completion, and the Vendor having performed or complied with the covenants, agreements and obligations required to be performed or complied with by the Vendor at or prior to Completion as contained in the Agreement;
- (ii) all necessary actions, consents, permissions, approvals and authorisations having been taken or obtained in connection with the transactions contemplated under the Agreement; and
- (iii) the issue of a circular by the Purchaser to its Shareholders, and the necessary approval of the Agreement and the transactions contemplated thereunder being obtained from Independent Shareholders at a general meeting of the Purchaser in compliance with the Listing Rules.

If the conditions set out above have not been fulfilled or (where applicable) waived by 5 p.m. (Hong Kong time) on the date falling 180 days after the date of the Agreement or such other date as the parties may agree, the Agreement shall, subject to the liability of any party to the other in respect of any antecedent breaches of the terms thereof, be null and void and of no effect.

### **Completion**

Subject to all the conditions precedent under the Agreement having been fulfilled or otherwise waived, Completion shall take place by no later than 180 days from the date of the Agreement or such other date as may be agreed by the parties to the Agreement.

Upon Completion of the Sale and Purchase, the Target Group will be consolidated into the consolidated financial statements of Sino-i Group effective from the date of Completion. The Target Group will still be consolidated into the consolidated financial statements of Nan Hai Group and will continue to be the subsidiaries of Nan Hai following the Completion.

## INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of Nan Hai. As a digital internet company in the cinema industry, its core business relies on revenue management platform of the Oristar cloud cinema (Software as a Service (“SaaS”)-based cinema digitalization total solution) to provide cinemas with closed-loop support for business including ticket sales, retail, membership management, membership marketing, cinema operation decision-making support and big data business intelligence (BI) services, and offer complete mobile solutions for consumers and operators in respect of APP, H5, mini programs, etc.

The unaudited consolidated financial information of the Target Group is set out below:

	<b>For the year ended 31 December 2019 (HK\$'000)</b>	<b>For the year ended 31 December 2018 (HK\$'000)</b>
Net loss before tax	(1,402)	(76,479)
Net loss after tax	(453)	(75,490)

According to the unaudited consolidated financial statements of the Target Group, the consolidated net assets value of the Target Group as at 31 December 2019 was approximately HK\$57,857,000. The original acquisition cost of the Target Company to the Nan Hai Group in June 2015 was RMB1. The paid up capital of the Target Company was following such acquisition increased from RMB24,758,041.80 to RMB150,000,000.

### **Sales Framework Agreement for Cinema Ticketing Management System**

Upon Completion, the Target Company and Nan Hai will enter into a sales framework agreement for cinema ticketing management system to provide Nan Hai Group with a cinema ticketing management system, which will constitute a continuing connected transaction. Further details will be announced upon Completion.

### **REASONS FOR AND BENEFITS OF THE SALE AND PURCHASE**

Sino-i is an investment holding company, the securities of which are listed and traded on the Main Board of the Stock Exchange and Sino-i Group is principally engaged in the provision of enterprise cloud services. The Sino-i Board considers that the revenue management platform of the Target Group (SaaS-based cinema digitalization total solution) could provide clients with closed-loop support for business including ticket sales, retail, membership management, membership marketing, cinema operation decision-making support and big data business intelligence (BI) services, and offer complete mobile solutions for consumers and operators in respect of APP, H5, mini programs, etc. As it is consistent with the Sino-i Group's future development direction in relation to OMO (offline-merge-online) and will effectively fill the Sino-i Group's lack of e-commerce products for such cinema service industry. Upon Completion, the Target Group will become wholly-owned subsidiaries of the Purchaser and the financial results of the Target Group will be consolidated into the

consolidated financial statements of Sino-i Group. The Target Group will still be consolidated into the consolidated financial statements of Nan Hai Group and will continue to be the subsidiaries of Nan Hai following the Completion.

Given that the Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the valuation of the Sale Equity Interest of approximately RMB488 million by an independent valuer as at 30 November 2020 and other reasons mentioned above, the Sino-i Board (excluding (i) members of the Independent Board Committee whose view will be subject to the opinion of an independent financial adviser to be appointed in connection with the Agreement; and (ii) Mr. Yu Pun Hoi who is deemed to have interest in Nan Hai and has abstained from voting on the relevant resolution at the board meeting) considers that the Agreement and the transactions contemplated therein are on normal commercial thereunder and the terms, and conditions of the Agreement are fair and reasonable and in the interests of Sino-i and Shareholders as a whole.

As for Nan Hai, it is currently estimated that Nan Hai Group would not record any gains or losses in respect of the Sale and Purchase in profit or loss. Since the Purchaser and the Target are both controlled by the Nan Hai Group, the transaction shall be accounted for under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations", and any gain or losses resulted from the transaction shall be recorded under equity of the Nan Hai Group. The Nan Hai Directors currently intend to apply the net proceeds from the Sale and Purchase (after deducting relevant costs and expenses in connection with the Sale and Purchase) as general working capital and partial repayment of the Loan.

As the other segments of Nan Hai Group (excluding Sino-i Group) focus mainly on the continuous property development, cinema operation management and contents development, therefore the Nan Hai Directors believe that the Sale and Purchase will be beneficial to the integration of strategies and businesses of Nan Hai Group. The Nan Hai Board (excluding Mr. Yu Pun Hoi who is deemed to have interest in the Purchaser and has abstained from voting on the relevant resolution at the board meeting) considers that the Sale and Purchase and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of Nan Hai and its shareholders as a whole.

## **INFORMATION ON PURCHASER**

Sino-i is an investment holding company, the securities of which are listed and traded on the Main Board of the Stock Exchange. Sino-i Group is principally engaged in the provision of enterprise cloud services.

## **INFORMATION ON THE VENDOR**

Nan Hai is an investment holding company, the securities of which are listed and traded on the Main Board of the Stock Exchange. Nan Hai Group is principally engaged in (i) culture and media services (mainly in cinema business on a nationwide basis in the PRC in addition to other media related businesses); (ii) property development; and (iii) enterprise cloud services (through the Sino-i Group). In the meantime, Nan Hai Group is also engaged in news media and innovative business. As at the date of this announcement, Nan Hai, through a number of wholly-owned subsidiaries, holds approximately 59.11% of the issued share capital of the Purchaser.

## LISTING RULES IMPLICATIONS

For Sino-i, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Sale and Purchase exceed 25% but are less than 100%, the Sale and Purchase constitutes a major transaction of Sino-i under Chapter 14 of the Listing Rules. In addition, as the Vendor is the holding company of Sino-i, the Agreement constitutes a connected transaction of Sino-i under Chapter 14A of the Listing Rules. Therefore, the Agreement is subject to the Independent Shareholders' approval at the general meeting of Sino-i.

For Nan Hai, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Sale and Purchase exceed 5% but are less than 25%, the Sale and Purchase constitutes a discloseable transaction of Nan Hai under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

Nan Hai and its associates shall abstain from voting on the ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder at the general meeting of Sino-i.

As Mr. Xiao Sui Ning and Mr. Ho Yeung Nang, both being independent non-executive directors of Nan Hai and Sino-i, they are not considered sufficiently independent to give advice or recommendation to the Independent Shareholders in relation to the Agreement, therefore Mr. Fung Wing Lap, the remaining independent non-executive director of Sino-i, has been appointed to form the Independent Board Committee to make recommendation to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder, and an independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

## GENERAL

The circular containing the information required under the Listing Rules in relation to the Sale and Purchase will be despatched to the Shareholders as soon as possible, which is expected to be on or before 26 February 2021, in order to allow sufficient time for the preparation of the financial and other information in the circular.

**As the Sale and Purchase is subject to the fulfillment of various conditions precedent which may or may not be fulfilled, there is no assurance that the Sale and Purchase will be completed. Shareholders and potential investors should exercise caution when dealing in the securities of Sino-i and Nan Hai.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Agreement”	the agreement dated 22 December 2020 entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Equity Interest
“associate”	has the meaning given to it under the Listing Rules
“Completion”	completion of the Sale and Purchase
“Consideration”	consideration for the Sale Equity Interest
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the board of Sino-i, comprising Mr. Fung Wing Lap, the independent non-executive director, established for the purpose of making recommendations to the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“independent third party(ies)”	any person(s) or companies and their respective ultimate beneficial owner(s) whom, to the best of the directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Vendor and of the Purchaser and connected persons (as defined under the Listing Rules) of the Vendor and of the Purchaser
“Independent Shareholders”	shareholder(s) other than Nan Hai and those required to abstain from voting on the resolution(s) at the general meeting of the Purchaser under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange



“Loan”	the loan in the principal amount of approximately HK\$1,645.5 million advanced by Sino-i to Nan Hai pursuant to a loan agreement entered into between Sino-i (as lender) and Nan Hai (as borrower) on 29 May 2009 (“Loan Agreement”) and the interest accrued thereon. The Loan Agreement was subsequently supplemented by the first supplemental agreement, the second supplemental agreement, the third supplemental agreement, the fourth supplemental agreement, the fifth supplemental agreement, the sixth supplemental agreement and the seventh supplemental agreement dated 20 May 2011, 31 October 2012, 9 May 2013, 30 April 2015, 2 May 2017, 21 March 2019 and 31 May 2019, respectively, in relation to, among others, to the extension of the repayment date for the outstanding principal and variation of certain terms and provision of the Loan Agreement. As at 30 June 2020, the outstanding principal and accumulated interest were approximately HK\$1,005,858,000 and HK\$46,959,000 respectively. Details of which please refer to Past Announcements and Circulars.
“Nan Hai” or “Vendor”	Nan Hai Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Stock Exchange (stock code: 680), the holding company and a connected person (as defined under the Listing Rules) of the Purchaser
“Nan Hai Board”	the board of Nan Hai Directors
“Nan Hai Director(s)”	the director(s) of Nan Hai
“Nan Hai Group”	Nan Hai and its subsidiaries

“Past Announcements and Circulars”	(1) the joint announcement of Sino-i and Nan Hai dated 29 May 2009 and the circular of Sino-i dated 12 June 2009 in relation to the advance made by Sino-i to Nan Hai pursuant to the Loan Agreement; (2) the announcement dated 20 May 2011 and circular dated 10 June 2011 of Sino-i; (3) the announcement dated 31 October 2012 and circular dated 21 November 2012 of Sino-i; (4) the announcement dated 9 May 2013 and circular dated 24 May 2013 of Sino-i; (5) the announcement dated 30 April 2015 and circular dated 18 May 2015 of Sino-i; (6) the announcement dated 2 May 2017 and circular dated 26 May 2017 of Sino-i; (7) the announcement dated 21 March 2019 and circular dated 8 May 2019 of Sino-i; and (8) the announcement dated 31 May 2019 and circular dated 26 July 2019 of Sino-i
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase”	the proposed disposal of the Sale Equity Interest by the Vendor to the Purchaser pursuant to the terms of the Agreement
“Sale Equity Interest”	100% equity interest in the Target
“Share”	ordinary shares of the Purchaser
“Shareholder(s)”	the holder of the Shares
“Sino-i” or “Purchaser”	Sino-i Technology Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed and traded on the Stock Exchange (stock code:250), and a subsidiary of Nan Hai
“Sino-i Board”	the board of Sino-i Directors
“Sino-i Director(s)”	the director(s) of Sino-i
“Sino-i Group”	the Purchaser and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target” or “Target Company”

數碼辰星科技發展(北京)有限公司 (Digicine Oristar Technology Development (Beijing) Company Limited\*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Vendor

“Target Group”

the Target Company and its wholly-owned subsidiary, namely 數碼辰星科技發展(廣州)有限公司 (Digicine Oristar Technology Development (Guangzhou) Company Limited\*) a company incorporated in the PRC with limited liability

\* For identification purpose only

By Order of the Board of  
**Nan Hai Corporation Limited**  
**Liu Rong**  
*Executive Director and  
Chief Executive Officer*

By Order of the Board of  
**Sino-i Technology Limited**  
**Liu Rong**  
*Chairlady*

Hong Kong, 22 December 2020

*As at the date of this announcement, the directors of Nan Hai are:*

*Executive directors:*

Mr. Yu Pun Hoi  
Ms. Liu Rong

*Non-executive director:*

Mr. Lam Bing Kwan

*Independent non-executive directors:*

Mr. Lau Yip Leung  
Mr. Xiao Sui Ning  
Mr. Ho Yeung Nang

*At the date of this announcement, the directors of Sino-i are:*

*Executive directors:*

Ms. Liu Rong  
Mr. Yu Pun Hoi  
Mr. Chen Ming Fei

*Non-executive directors:*

Mr. Lam Bing Kwan  
Mr. Cheng Chih-Hung

*Independent non-executive directors:*

Mr. Fung Wing Lap  
Mr. Xiao Sui Ning  
Mr. Ho Yeung Nang